January 23, 2004

**PolyMedica axes employees.**

Yesterday The Stewart News reported that PolyMedica Corporation (NASDAQ: PLMD, $26.15) had terminated 25 employees of its Liberty Medical Supply subsidiary. This comes on the heels of the unexpected immediate resignation of Liberty's President W. Keith Trowbridge. To date PolyMedica has not announced the lay offs to investors. Yesterday’s Stewart News article is attached below for your review.

It is Asensio & Company, Inc.‘s opinion that PolyMedica's reported criminal conduct has grossly inflated its stated earnings and created liabilities that far exceed its highest-estimated asset value. Exclusive of this evaluation, we believe PolyMedica’s accounting policies have overstated its assets and sales, and understated its expenses. We also have a strong negative opinion about its management. Asensio & Company, Inc. believes PolyMedica’s stock is grossly overvalued. Our reports on PolyMedica are available at www.asensio.com.

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Liberty Medical lays off 25 workers
By Chris Kauffmann staff writer
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PORT ST. LUCIE — Liberty Medical Supply has terminated 25 employees this week in a move described as a "tuning of the business" that coincides with the change in management announced last week.

"This is just a normal review and tuning of the business, which is to be expected with new management," Denise DesChenes, spokeswoman for PolyMedica Corp. (Nasdaq:PLMD), the Woburn, Mass.-based parent of Liberty Medical, said Wednesday.

W. Keith Trowbridge resigned last week after five years as president of the diabetes test provider in order to pursue what he said were other interests.

Stephen Farrell, PolyMedica's chief financial officer, has assumed Trowbridge's role at the company, which is St. Lucie County's largest private employer with about 2,000 employees.

About 20 current and former employees, who either contacted Scripps Treasure Coast Newspapers or were contacted by the papers about the layoffs, said this week's terminations were a first step to a much larger planned layoff. None wanted to be identified publicly.

However, company officials vigorously denied that more layoffs are coming or that the 25 layoffs had anything to do with the ongoing federal investigation into allegations of Medicare fraud at Liberty Medical.

"We've had strong employee head count growth for the past several years, and we will continue that trend," DesChenes said.

FBI agents raided Liberty Medical's offices in August 2001 as well as homes belonging to two Liberty Medical employees, carrying off truckloads of documents and computer equipment. Last year, PolyMedica agreed to have its local employees interviewed directly by the U.S. Attorney's Office.

Separately, PolyMedica announced Wednesday it had declared a cash dividend of 15 cents per share for the third quarter. At the close of trading Wednesday, PolyMedica's shares were trading at $26.08 per share, down 22 cents.

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